Undergirding the creation of civil society are a number of economic factors. Transformation must include financial reforms and appropriate incentives for government, business and the nonprofit sector. Incentivized strategies will allow for the most creative and unencumbered approaches toward development of a civil society. Resources are each sector's investment in the shared vision.

ACTION ITEMS/GUIDING PRINCIPLES

Congress must protect the current tax-exempt status of nonprofits and expand the charitable deduction to non-itemizers.

Business must encourage employees to give both money and time to their communities.

Congress should develop tax incentives for business to become more involved in their communities.

Business should seek ways to partner with nonprofit organizations to leverage human and financial capital for community needs.

Nonprofits should seek ways for their constituents to invest in their services to create new revenue streams as they are available.

Business and government should create incentives for displaced workers to join in creating a civil society by working in nonprofit causes.

5. Establish requirements and measurement systems that will ensure mutual accountability for community outcomes.

The focus of accountability and regulation must go beyond cost-effectiveness and highlight outcomes leading the realization of our vision. Currently, in both the nonprofit and government sectors, accountability often relates only to process. The ultimate accountability questions in a civil society are: ''What impact did we have in the community? What benefits, and at what cost?''

ACTION ITEMS/GUIDING PRINCIPLES

Impact measurements should be developed using common benchmarks among all three sectors, by which progress and success may be measured and all involved may be held accountable for their work.

A system to measure efficiency and impact should be developed specifically for nonprofit organizations.

Government regulations of the nonprofit sector should be focused on outcomes rather than on processes. Government should be especially sensitive to the effect of regulations on small, grassroots organizations and the tradeoff of impact for efficiency that burdensome regulations can cause. There should be a balance of regulation that brings about meaningful accountability without sacrificing the ability of nonprofits to have significant impact.

Intermediate sanctions should be developed to allow the IRS to impose targeted and proportionate measures on a public charity's officers, directors or other individuals in cases of abuse in nonprofits.

The emerging field of business ethics and accountability should align itself with community outcomes for the shared vision.

COMPUTER MODERNIZATION

HON. LEE H. HAMILTON
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, February 12, 1997

Mr. HAMILTON. Mr. Speaker, I am inserting my Washington Report for Wednesday, January 8, 1997 into the CONGRESSIONAL RECORD.

COMPUTER MODERNIZATION IN THE FEDERAL GOVERNMENT

During the past several months, President Clinton urged Americans to work together to provide computers and an Internet link-up for every school and library in the country. The idea is to give every school child, indeed, every citizen, across the country the same access to information of every conceivable sort. This promises to expand greatly the educational and employment opportunities for all Americans. The President is surely right to focus on information technology as a key to education and opportunity in the 21st Century.

The federal government, however, has not been a model of successful computerization. The ''reinventing government'' effort has already resulted in a federal government that is smaller and cheaper in terms of proportion of our GDP than at any time since the early 1960's, but it has been hindered by the failure of the government to modernize its computer technology. While some agencies are doing a good job government cannot ''work smarter'' unless it has the best and most modern information tools.

Outdated Technology: The federal government spends about $30 billion per year on information technology, but sometimes it is hard to see the benefits. A recent report by the General Accounting Office, Congress' investigative arm, documented failures in government acquisition and management of information technology. This report criticized in particular two agencies that have direct impact on all Americans: the Federal Aviation Administration (FAA) and the Internal Revenue Service (IRS).

The FAA began a comprehensive modernization of the nationwide air traffic control system in 1981. Today, 16 years and several billion dollars later, air traffic controllers are still using 1960's-vintage equipment. The men and women responsible for the safety of passenger airliners depend upon equipment using vacuum tubes so antiquated that replacements have to be imported from Poland. As might be expected, this equipment is prone to frequent breakdowns. Experts say that several fatal airplane accidents could have been prevented by better computers. The good news is that air traffic controllers will finally begin to receive new and more reliable equipment this year. But it has taken too long, and cost too much.

The IRS has spent vast sums on new computers—some $4 billion to date—with only limited results. Most returns are still processed the old fashioned way, by hand, with error rates of as much as 16%. This waste is compounded by the fact that obsolete technology lets many tax cheats off the hook. The IRS itself has estimated that in 1995 it failed to collect $170 billion owed the government. If better computers allowed the IRS to collect even a fraction of that amount, it would go a long way toward balancing the federal budget.

Roots of the Problem: Why has the government spent so much money but fallen so far behind in information technology? One reason is the complexity of tasks we ask the federal government to do for us. For instance, keeping track of dozens or hundreds of aircraft flying through a particular sector, or managing the tax returns for a nation of 260 million people, are tasks which overwhelm most sophisticated supercomputers. Faced with ''downsized'' staffs and increased workload, the FAA and IRS attempted to leap to ''new generation'' computer systems. Unfortunately, they did not have the proper management or technical skills to oversee creation of this advanced technology.

A lack of management expertise has hindered attempts to automate operations throughout the government. The political appointees who run our agencies serve for a few years at most (an average Cabinet Secretary, for example, serves about 2 years), and do not possess the specialized skills necessary to oversee a multi-year technology project. The departure of many top managers from the government to the corporate sector makes a tough job even more difficult. The government, of course, cannot compete with the salaries offered by private companies. This loss of talent has been worsened in recent years by anti-government rhetoric, culminating in last winter's government shutdowns. This has hurt morale throughout the career civil service and prompted many of the best government professionals to seek other careers.

There are other reasons for the poor government track record on computer modernization. Congress, for example, has in some cases simply slashed budgets for technology, without providing alternative means for agencies to replace obsolete technology. In addition, government procurement rules have often impeded modernization efforts. These regulations were aimed at preventing waste and ensuring fairness in the purchasing of goods and services, but have often proved too restrictive and too cumbersome.

Moving Toward Reform: Fortunately, the situation is improving. In the past few years, Congress has passed new laws to improve procurement and the management of information, and to eliminate red tape. These new laws, drawing upon private sector models, have decentralized decision-making and made it easier for government agencies to act like private companies in negotiating the best deals when buying computers and other items. They have also mandated that agencies give higher priority to information technology modernization.

Early indications are that agencies are using their new administrative freedom well and making real gains. For instance, after implementing a new computer system, the Social Security Administration was ranked as offering the best telephone customer service in the nation. Also, the U.S. Postal Service, thanks to increased automation, achieved record on-time mail delivery in 1996. Congress must keep the pressure on so that we see more progress in the years ahead.

Conclusion: Hoosiers want government to work better and cost less. But as we ask government to do more with less by ''working smarter'', we have to make sure it has the proper tools to do the job. Congress and the President must work together to ensure that the federal government has the necessary management expertise and administrative flexibility to procure and effectively to use the best information technology. Only then can the government serve its customers better.

MEXICAN BAILOUT

HON. RON PAUL
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Wednesday, February 12, 1997

Mr. PAUL. Mr. Speaker, President Clinton, in his State of the Union Address, proudly announced that "We should all be proud that America led the effort to rescue our neighbor, Mexico, from its economic crisis. And we should all be proud that Mexico repaid the United States—3 full years ahead of schedule—with half a billion dollar profit to us." The reporting of this payback and the State of the Union Address was all favorable, highly praising the administration. The bailout was bipartisan so leaders of both parties were pleased with the announcement. International finance, just as it is with international military operations, is rarely hindered by inter-party fights